

Fee Schedule Fix

Counterpoints to Insurance Lobby Misinformation

The insurance industry (and legislators with allegiance to them) have a set of common talking points they use to misinform, distract and deflect.

Here are some of their most common arguments. You can expect them in your meeting. The left column is their point, the right is your counterpoint.

For more information or assistance with arguments not found below, please contact MBIPC President Tom Judd at Tom.Judd@origamirehab.org

Arguments that reforms are working, and that businesses are not closing.

Point	Counterpoint
Reform is working – Michigan is no longer the highest state for auto insurance. We need to let the reform play out.	<ul style="list-style-type: none"> » Michigan is now second – but by a technicality. » The report that is being used by the insurance industry also states that their data is based on a \$250,000 PIP option. If that were substituted with the unlimited option (which 70% of drivers are choosing), Michigan would still be the highest state. » Letting the reform “play out” for this issue means that people will suffer, and lives will be turned upside down.
Rates will go up if the fee schedule is changed.	<ul style="list-style-type: none"> » The aspect of the fee schedule that we are talking about will have the most impact on the MCCA assessment fee. » Insurance companies are reimbursed after \$585,000. » Average PIP claims are \$20,000–\$40,000, so why would premiums jump across the board? » If insurance companies adjusted their projections on a 45% reimbursement reduction to post-acute, it was done on the premise that either providers could still provide service (which is false) or that there would be no providers available to provide service (which is immoral).
Businesses are not closing down.	<ul style="list-style-type: none"> » What we know of, over 600 patients have been provided discharge notices from residential and supported living programs and attendant care providers. » Some businesses are able to remain open, but will no longer be accepting auto funded patients because of the reimbursement level. » Many businesses are holding out hope that the legislature comes through and does what is right so that they don’t have to unnecessarily displace patients.

Point	Counterpoint
Businesses can shut down, close, and re-incorporate.	<ul style="list-style-type: none"> » DIFS has a set of draft rules that will eliminate this as a productive option. They are using a new fee schedule (Fair Health benchmark); however, there is so much ambiguity and inconsistency that a provider has no way of knowing what their reimbursement rate will be. » Why should a company be forced to go through this process and expend so much money and resources in re-branding because this law doesn't work? » If this is a solution being floated by legislators to get around a law, why not just fix the law?

Arguments that there are other options.

Point	Counterpoint
There is an option: Nursing homes.	<ul style="list-style-type: none"> » Salli Pung, Michigan's Long-Term Care Ombudsman, has stated that nursing homes are not a viable option and are not a substitute for the specialized care and supervision these patients need. » Currently patients receive anywhere from 1:1 care to supervision in a 3:1 or 4:1 ratio of staff to patients. 1:1 is not an option in nursing homes and ratios are much larger (10-15:1). » There are people living in their homes receiving the care they need so they can stay there. Why should they be forced into a nursing home?
People will have Medicaid as a safety net.	<ul style="list-style-type: none"> » Medicaid is a "last resort" payer, meaning it only kicks in when the person has no other insurance. » No-Fault is still primary payer for current victims with lifetime benefits. Medicaid is not an option – but because the rates are so low and options for care will be drastically limited, these people are in limbo.
Why should auto insurance provide long term care when there is a health care system?	<ul style="list-style-type: none"> » Private health care does not cover long term care needs – never has. » A more accurate "apples to apples" comparison for auto insurance is Workers Compensation, which does provide long term care – people pay into the system for that safety net.
What do other states do?	<ul style="list-style-type: none"> » Other states don't have a system where lifetime care is an option (or was mandated). » The current victims paid their premiums and were promised lifetime care – it is not comparable to other states. » The argument about "other states" is not part of this discussion, which is about an arbitrary reimbursement cut that will rip away access to care for current and future accident victims that have chosen a policy that will protect them.

Arguments related to what providers charge, how long providers have had to prepare for this law, and similar.

Point	Counterpoint
<p>Providers have been overcharging and “bilking” the system for years – this is the result and they can withstand the reduction.</p>	<ul style="list-style-type: none"> » The insurance industry has always had the upper hand in reimbursement. » If a provider ever charged anything that was viewed as not reasonable and customary, the insurance companies have always simply not paid or sent the bill to a 3rd party auditor who would slash the reimbursement and the provider and insurance company would hash it out (or take it to court). » The only examples that have been used in public discourse by the insurance industry is an MRI or X-Ray charge – we do not provide these services. » There has been ZERO evidence ever provided in hearings or otherwise that supports this claim. There has been ZERO data provided to support the notion that providers (across the board) could withstand this kind of hit.
<p>Providers can negotiate rates with insurance companies.</p>	<ul style="list-style-type: none"> » Providers of attendant care and residential treatment have tried and have consistently been denied. » Why would the insurance companies negotiate when they have the upper hand (45% reduction) in statute? » Some adjusters caught in the middle have said they would like to negotiate but have been told by their supervisors and the MCCA that they are to pay nothing more than 45% of the 2019 charges.
<p>Providers have had two years to prepare for this.</p>	<ul style="list-style-type: none"> » There is no preparation for a 45% reduction in reimbursement rate. » Most companies live off a narrow margin of 5%-15%. You cannot shave off enough expenses to break even.
<p>This is just another example of providers not wanting to lose their “golden egg” – they have never been open to any reform.</p>	<ul style="list-style-type: none"> » We are not relitigating the reform. » We are not asking for any changes other than this narrow fix to a disastrous line in a massive bill. » We supported legislation in 2017 (Fair and Affordable package of bills) that included a fee schedule based on Workers Compensation. » We have been at the table, but we were shut out in 2019. If we were at the table, we could have told you how devastating this line of the law is.